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SUBJECT: SOUTHEAST ANATOLIA'S POTENTIAL NOT FULLY REALIZED

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Classified By: Economic Counselor Dale Eppler for reasons 1.4(b,d)

Consulate Adana contributed to this report.

[1](#)1. (SBU) Summary. We visited Sanliurfa, Mardin, and Diyarbakir and heard opinions ranging from optimism for the future to disillusion over security and economic concerns. After 20 years of work on the Southeastern Anatolia Project (GAP), we learned that more than 90 percent of the GAP electricity projects have been completed, but only one million hectares of land (out of 1.8 million planned) have been irrigated. The basic goal of the GAP is to bring more prosperity to the poorest part of Turkey via irrigation, infrastructure, power, and social development projects. One controversial project, construction of the Ilisu dam, has not been done, although Prime Minister Erdogan remains committed to its completion, according to GAP President Sadrettin Karahocagil. The GAP action plan sets an overall deadline of [1](#)2012. All chamber presidents we spoke with think that time frame is unrealistic and believe at least 2-5 years of additional funding and work will be needed to complete the project. All our interlocutors realize the situation with Kurds in southeast Turkey remains a stumbling block to development and know a secure, stable environment is required to attract investors. End summary.

#### The Poorest Part of Turkey

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[1](#)2. (SBU) The GAP was created to spread prosperity and increase economic opportunities in nine targeted southeast provinces. These are Adiyaman, Batman, Diyarbakir, Gaziantep, Kilis, Mardin, Sanliurfa, Siirt, and Sirnak. Reliable statistics on the region are hard to find. The most recent data available comes from 2001, during the height of an economic crisis in Turkey. Per capita GDP for 2001 in the southeast ranged from USD 638 in Sirnak province to USD 1817 in Kilis province. Seven of the nine provinces had per capita GDP below USD 1320. For comparison, the overall per capita GDP for Turkey at that time was USD 2160. The GAP project aims to build infrastructure (roads, energy sources, dams, and irrigation) and provide rural development and social services including improved healthcare and education. Some GAP projects have been successful, but the region still has high unemployment and many in the southeast still move west for jobs in Istanbul, Izmir, or Ankara. One GAP initiative, recruiting doctors, nurses and teachers to work in the GAP area, has had mixed results. Despite extra monetary incentives, some jobs remain vacant.

#### Moving GAP Headquarters

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13. (C) In March 2009, GAP President Sadrettin Karahocagil oversaw the effort to relocate the GAP headquarters from Ankara to Sanliurfa. One hundred fifty employees were transferred, but only 10 percent of them moved their families. The rest left their spouses and children behind in Ankara to finish school or work. Even though they received a pay raise for the transfer, many employees are spending that and more on commuting back home on weekends. Morale at the Sanliurfa HQ is poor, up to and including the president. We met with him one year ago in his first week on the job and he was fired up with ideas and enthusiasm. In Sanliurfa, he was a changed man. He achieved the Prime Minister's goal of moving the GAP headquarters to Sanliurfa, but couldn't name any compelling advantage to the relocation, other than image. Karahocagil said the PM was happy with the move, because it fulfilled a campaign promise. Karahocagil said he can visit GAP sites more easily now, although that wasn't a problem before since much of the work is done by phone or computer. The GAP started in 1989 and its most recent action plan targets 2012 as the end of the project. Karahocagil said 90 percent of the GAP's electricity projects have been completed, but only one million hectares (out of 1.8 million planned) have been irrigated. He told us that development agencies have been created in Diyarbakir, Gaziantep, and Mardin, and they could take over the GAP work if all tasks are not completed by the 2012 deadline. Karahocagil said the recent cabinet reshuffle put State Minister Cevdet Yilmaz in charge of the GAP, and he pays it more time and attention than did his predecessor, former Deputy Prime Minister Nazim Ekren, who was distracted by his broader economic policy responsibilities.

Ilisu Dam

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14. (C) We asked Karahocagil about GOT plans for construction in Batman of the Ilisu dam now that a European consortium has pulled out over concerns about insufficient environmental impact analysis. He said PM Erdogan is committed to the project, despite opposition by environmentalists, historians, archeologists, local government officials, and the residents who would be displaced. (Ref C recounts an almost identical discussion of Erdogan's pledge to build Ilisu in 2006.) The dam, when finished, would be able to meet just three percent of the energy needs of the GAP region. Many opponents argue that minor adjustments to the design would protect bird and animal habitats and obviate the need to move residents from historic Hasankeyf. The Diyarbakir Chamber of Commerce president said he is generally supportive of the GAP, but he opposes the Ilisu dam because he believes it is really meant to carve up the Kurdish southeast to make it easier to control and to break up PKK transit and communication lines. He doesn't think the small energy gains from Ilisu would be worth all the disruption and relocation dam construction would require. With sustained high temperatures, year-round sunshine, and fierce winds, the southeast region seems an ideal location for solar and wind energy projects. While many of the people with whom we spoke supported these ideas, no one gave us details of specific plans or commitments to harness this renewable energy. Karahocagil said it's a good idea but not formally part of the GAP.

Antiquated Farm Techniques

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15. (SBU) Most of the irrigation resulting from another GAP project, the Ataturk dam, is funneled through open channels and evaporation is a problem. Drip irrigation would be more efficient, but it is expensive and not widely used by southeast farmers. While the area is fertile and the same field can sustain up to three different crops each year, farmers typically burn the fields between crops. This process is old fashioned and robs the soil of nutrients. It creates a cycle of grow, harvest, burn, fertilize, and start all over again. The burning causes pollution, destroys animal fodder, and risks spreading fires. Despite reports of fatal accidents and destruction of property, the practice

continues. When Embassy Foreign Agricultural Service officials took a team of experts to the southeast, farmers were enthusiastic to hear their ideas but not willing to give up tradition. They listened carefully to alternate methods of crop turnover, but kept asking "yes, yes, that's a great idea, but at what point do you burn the field?" The Mardin Chamber of Commerce President said these old techniques are due to ignorance and lack of education. He added that the farmers will have to see alternate methods being used successfully before they'll make many changes.

#### Sanliurfa - 7500 Years Old and Counting

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16. (SBU) Immediately upon arrival you see a banner welcoming you to "the oldest city in the world". Sanliurfa has benefited from irrigation provided by construction of the Ataturk dam, which boosted the province's agricultural capacity and increased the variety of crops that could be grown. Mayor Ahmet Esref Fakibaba says his city needs a light rail system to improve transit and promote tourism. He didn't have a firm price estimate, but guessed the cost could be over USD 50 million. Fakibaba said the public health situation is good in Sanliurfa--nickname: Urfa. Fakibaba said education remains a problem, with the average family having eight children and some having twice that many. Some schools are running classes in a couple of daily shifts and some families pull their children out of school to help in the fields. Fakibaba said unemployment is around 17-20 percent, with youth numbers much higher. He noted that residential real estate in Urfa is quite expensive and the city is suffering the problems of urbanization with increased sprawl and burden on all city services. (Bio notes: Fakibaba trained and worked as a heart surgeon before he entered politics. He let his license lapse and does not plan to return to medicine. In his first term as mayor, he was elected from the Justice and Development Party (AKP). AKP wanted to nominate another candidate for the 2009 elections, so Fakibaba left the AKP and joined the Felicity Party (Saadet). He was easily reelected over the AKP candidate. Fakibaba said he believes in term limits ("two is enough") and said he will leave after this term.)

17. (SBU) Sabri Ertekin, President of the Sanliurfa Chamber of Commerce and Industry, said Urfa needs both technical expertise and investment. The Chamber is seeking investment in solar energy, agriculture, and food processing. They would like to send a delegation to an agriculture fair or agriculture cooperative in California for some technical capacity building in the future. Urfa had just over 1,000 U.S. tourists in 2008, and city leaders would like to boost that number significantly. Chamber board members present at the meeting own businesses ranging from water pump and pipe manufacturing, animal vaccine production, yarn production, pistachio and olive farms, to flour production. They would like to expand into beef cattle production in the future.

18. (U) Urfa has one organized industrial zone and is working on the setup of a second zone that would house high-tech firms. The first OIZ has mostly textile firms. The second zone received 25 percent of its funding from the municipality and 75 percent (50.6 million Euros) base funding from the EU, along with 2.6 million Euros of technical assistance funding from UNDP. The EU and UNDP want the zone to become self sustaining or fully GOT-financed within 18 months. UN staff told us the UN has been active in Sanliurfa for 10 years, and the EU for six or seven years.

#### Mardin - Highlighting History to Build the Future

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19. (C) Mehmet Besir Ayanoglu, Mayor of Mardin, is focusing on infrastructure, sustainable development, and tourism promotion (primarily religious tourism) to boost the city's fortunes. Mardin is working on a drinking water facility, a garbage collection and separation facility, and the restoration of traditional city mansions as boutique hotels or historical sites. Ayanoglu believes Mardin should become

a UNESCO World Heritage site. He talked about the importance of involving his Syrian and Iraqi counterparts in discussions and work on regional development. He would also like to see the Syriac Patriarch relocate back from Damascus to Mardin, adding that his presence would attract religious pilgrims. He sees China and India as a trade threat, and said Turkey could work with its Middle Eastern and western neighbors to combat that threat. On his wish list are an open border with Armenia, a normal and stable Iraq, more energy pipelines such as Nabucco, peace in the Middle East, proper use of GAP funds, a new constitution to recognize the rights of all citizens, and Turkey's continued work towards EU accession. (Bio note: From 1995-98 Ayanoglu worked as a GAP Administrator. He worked as an independent lawyer from 1999 until his March 2009 election on the AKP ticket. He is of Arab descent, although he said he has Kurdish relatives.)

¶10. (C) Five years ago there were no western-style hotels in Mardin and no hotels of a size large enough to accommodate groups. Now there are two large hotels, many small boutique hotels, and a few renovated karavansaray that have been turned into small luxury hotels. Mehmet Ali Tutasi, President of the Mardin Chamber of Commerce has a 15-foot wide photo of the 1960s Mardin skyline in his office. He said the city's five-year goal is to return the old city as closely as possible to its original skyline. Cheap concrete buildings that were built quickly and without careful planning will be leveled and their businesses relocated, so that nearby historical buildings can be clearly seen and appreciated. Tutasi said Mardin now has 1500 hotel beds, and their goal is to reach 10,000 by 2023. Tutasi said Mardin exports food products and cement to Iraq and pipes to Syria. Trade with Iraq is based on trust. With no functioning banking system in Iraq, trade is done on a cash basis. "We send them the goods and they send us the money" he added. Tutasi expressed frustration with the AKP and what he sees as its Islamist agenda. He's not a DTP fan or pro-PKK. He said Turkey must find a credible, honest, dynamic alternative to its current leadership and he mentioned Rifat Hisarciklioglu, President of the Turkish Union of Chambers and Commodity Exchanges, as one possibility. He added that Hisarciklioglu does not have universal support, but Tutasi has been pleased with Hisarciklioglu's actions as TOBB president. Tutasi has been impressed by the creation of TOBB University in Ankara and Hisarciklioglu's work to beef up and improve border crossings in the southeast. Tutasi and his Secretary General, Cetin Sasa, both long-term smokers, pledged to "try" to stop smoking once the country-wide public smoking ban goes into place.

#### Diyarbakir - A Big City Down on its Luck

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¶11. (C) In Diyarbakir, we saw a sophisticated city where the mayor's office is in a constant struggle with the provincial governor for funding. In the 2009 elections, PM Erdogan committed to retaking the city for the AKP. Despite Erdogan's bold claims (or perhaps because of them), the Kurdish nationalist Democratic Society Party (DTP) mayor won reelection with more than 60 percent of the vote. The AKP appointed the purported non-partisan governor to Diyarbakir. Some Diyarbakir projects that require joint funding from the mayor and the governor are being shortchanged due to friction between the two men. One example is a modern youth, women, and handicapped training center that was funded by the EU and UNDP. Construction is finished now but the governor's office won't allocate funds for its continuing operations and it looks like a state-of-the-art wasteland. Its few permanent employees are fighting on and seeking alternate funding from "every possible source".

¶12. (C) We met with M. Galip Ensarioglu, President of the Diyarbakir Chamber of Commerce and several members of his board. Ensarioglu noted in 1923 when the Turkish Republic was founded, Diyarbakir had the third largest economy of any city in the country. Now, the Istanbul economy is fifteen times larger than that of Diyarbakir. More than 100,000 are unemployed and over 50% of youth are out of work. Since its

inception, Ensarioglu said USD 20 billion has been invested in the GAP, which has so far realized USD 22 billion in profit. He lamented that most of the region's revenue goes to Ankara tax coffers and not enough flows back. He supports a new deal with the IMF to enforce fiscal discipline and believes that ensuring peace in the region is the only way to boost trade and enhance tourism. Ensarioglu supports Turkey's accession to the EU and believes Turkey has permanently chosen alliance with the west over the east. He said Turkey's efforts towards the EU accession process are as important as the end result. Ensarioglu said the Turks and Kurds are like spouses in a marriage. Both sides must be happy to live together with equal rights. If they were to "divorce" it would be very painful--he said it would be worse than the separation of Pakistan from India.

The Kurds are Not the PKK  
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¶13. (C) We heard that some observers mistakenly believe that all Kurdish people in Turkey support the PKK. Most of our interlocutors denied this charge and said Kurds want to live peacefully, equally, and with prosperity in Turkey. We heard different views from PKK supporters, including a request to release Abdullah Ocalan from prison, an idea to shut down the Turkish military as "unnecessary", and a plan to amend the constitution to give Kurds equal rights in all things. The DTP party chairman in Mardin was more measured, saying the "AKP is the party in power and we must find creative ways to work with them". The general consensus of a Kurdish wishlist included: a desire for education in Kurdish, easing of restrictions on Kurdish broadcasting, restoration of Kurdish place names, Kurdology departments at universities, and a more inclusive definition of citizenship. No one thought the Kurds wanted full autonomy. Nearly all thought a general amnesty was needed to end PKK terrorism and give PKK members an incentive to lay down their weapons.

Comment  
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¶14. (C) In the southeast politics drives economics, not the other way around. The region's leaders and executives are optimistic realists. They are realistic about obstacles to attracting new investment and all believe the Kurdish issue must be resolved and the PKK defanged before they will see any surge in activity. Everyone we spoke with supports Turkey's accession to the EU, although all said the process to reach accession is just as important as the end result. Some think accession is possible, but most think it unlikely or far in the future. All scoffed at French and German offers of a privileged partnership or anything less than full membership. It is said in Turkey that all projects backed by Prime Minister Erdogan ultimately will happen, but the Ilisu dam's construction remains elusive. We have been reporting since 2006 (Ref C) about his strong commitment to the project. The current global financial crisis, the pullout of international supporters, and Turkey's budget shortfalls will make funding the project difficult. As we say in Turkish bakalim--let's wait and see.

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